

MY PERSONNEL RECORD SHOWS THAT I WAS BORN IN
PITTSBURGH, PA. AND SINCE THE PIRATES HAVE WON THE
NATIONAL LEAGUE PENNANT - I'D PREFER TO TALK ABOUT
BASEBALL, SPECIFICALLY A WORLD SERIES THAT HELD
SOME SIGNIFICANCE FOR "MEDIA IN THE 80'S."

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(1) AS JIM THOMPSON WALKS UP --

IN 1948 AS THE BASEBALL SEASON DREW TO A CLOSE IN MID-SEPTEMBER, TWO TEAMS REMAINED IN THE AMERICAN LEAGUE PENNANT RACE - THE NEW YORK YANKEES AND CLEVELAND INDIANS - AND THREE IN THE NATIONAL - THE PITTSBURGH PIRATES, ST. LOUIS CARDINALS AND BOSTON BRAVES.

(2) ON SEPTEMBER 18, 1948 GILLETTE ANNOUNCED THAT IT HAD PURCHASED TELEVISION RIGHTS TO THE WORLD SERIES FOR \$175,000, HOWEVER, THAT PRICE WAS TO BE ADJUSTED DOWNWARD IF PITTSBURGH, CLEVELAND OR ST. LOUIS WON THE PENNANT. -- BECAUSE IN 1948 TELEVISION'S CO-AXIAL CABLE DID NOT EXTEND AS FAR WEST AS PITTSBURGH.

(3)

MUCH TO GILLETTE'S DELIGHT THE BOSTON BRAVES WITH SPAHN AND SAIN AND TWO DAYS OF RAIN WON IN THE NATIONAL, BUT CLEVELAND WITH FELLER AND LEMON BEAT OUT THE YANKEES FOR THE AMERICAN LEAGUE PENNANT AND WENT ON TO WIN THE SERIES -- YET FAR MORE HOMES THAN GILLETTE ANTICIPATED VIEWED THIS EVENT BECAUSE A YOUNG WESTINGHOUSE ENGINEER, CHILI NOBLES, HAD DEVELOPED A WAY TO TRANSMIT THE SERIES BEYOND THE LIMITS OF THE NETWORK CABLE BY A SYSTEM CALLED "STRATOVISION."

(5)
"STRATOVISION" USED A CONVERTED WORLD WAR II B-29 BOMBER EQUIPPED WITH VIDEO SENDING AND RECEIVING EQUIPMENT.

IT CIRCLED OVER WESTERN PENNSYLVANIA AT AN ALTITUDE OF 22 TO 29 THOUSAND FEET, PICKED UP THE GAME PLAYED IN BOSTON FROM WMAR-TV IN BALTIMORE AND FED THE SIGNAL DOWN TO WEWS-TV IN CLEVELAND. (6) AS YOU CAN SEE THE QUALITY OF TRANSMISSION WAS LESS THAN PERFECT. (7)

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SINCE THEN NETWORK RIGHTS FOR BASEBALL HAVE ESCALATED TO \$23.3 MILLION A YEAR, SIX MODERN DAY B-29'S ⁽⁹⁾ KNOWN AS COMMUNICATION SATELLITES - HAVE BEEN PLACED IN SYNCHRONOUS ORBIT 22,300 MILES ABOVE THE EQUATOR AND THE TOTAL DISRUPTION BROUGHT TO THE ADVERTISING INDUSTRY BY THE ENORMOUS NEW MEDIA SUPPLY CREATED BY TELEVISION HAS RETURNED TO ORDER.

BEFORE WE LOOK AT THE EIGHTIES AND THE ADVANCEMENTS PROMISED BY SATELLITES AND OTHER ELECTRONIC DEVELOPMENTS I'D LIKE TO BRIEFLY REVIEW WHAT HAPPENED AS THAT NEWBORN TECHNOLOGICAL MARVEL - TELEVISION - GREW AND MATURED DURING THE FIFTIES, SIXTIES AND SEVENTIES.

NOT ONLY DID TELEVISION CREATE A SURPLUS OF MEDIA, ITS PERCEIVED, IF NOT REAL ⁽⁹⁾ SELLING EFFECTIVENESS SEVERELY CUT INTO THE SHARE OF ADVERTISING DOLLARS OF ESTABLISHED MEDIA, AND BY 1978 TELEVISION HAD ATTRACTED ALMOST HALF OF THE NATIONAL ADVERTISERS' MEDIA BUDGETS.

ANY MEDIUM THAT COMPETED HEAD TO HEAD WITH NETWORK TELEVISION WAS IN SERIOUS TROUBLE. NETWORK RADIO COLLAPSED OVERNIGHT WHILE LIFE, LOOK AND THE SATURDAY EVENING POST TOOK A LITTLE LONGER TO FOLD THEIR TENTS.

COMPETING WITH TELEVISION ON THE LOCAL LEVEL WASN'T MUCH EASIER AS SPENDING IN OUTDOOR AND NEWSPAPERS WAS ALSO CURTAILED.

⁽¹⁰⁾ HOWEVER, TODAY AS TELEVISION HAS REACHED ITS SATURATION POINT -- 98% OF ALL U.S. HOUSEHOLDS HAVE AT LEAST ONE SET AND 81% HAVE COLOR - WE SEE EXAMPLES OF ADVERTISING DEMAND CATCHING UP WITH SUPPLY.

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FOR EXAMPLE, THERE HAVE BEEN SUCCESSFUL INTRODUCTIONS OF PERIODICALS - CIRCULATED NATIONALLY AND APPEALING TO A DUAL AUDIENCE - SUCH AS THE NATIONAL ENQUIRER, PEOPLE, AND THE STAR AS WELL AS THE REINTRODUCTION OF LIFE.

- ADVANCE PLANNING IS MANDATORY IN BUYING NETWORK RADIO AT VARIOUS TIMES OF THE YEAR.

- OUTDOOR BILLBOARDS IN MAJOR MARKETS LIKE BOSTON, NEW YORK, AND CHICAGO ARE NOT ALWAYS AVAILABLE.

- A NATIONAL SUBURBAN NEWSPAPER PACKAGE HAS BEEN SUCCESSFULLY ESTABLISHED ALL WHILE NETWORK TELEVISION OPERATES FROM STRENGTH IN A SELLER'S MARKET.

AND NOW A NEW GENERATION OF ELECTRONIC TECHNOLOGY IS COMING ON LINE, AND THERE IS A QUESTION OF WHAT ITS EFFECTS WILL BE ON BOTH BROADCAST AND PRINTED MEDIA IN THE COMING DECADE.

THESE TECHNICAL DEVELOPMENTS ARE PLENTIFUL ENOUGH FOR THE ADVERTISING INDUSTRY TO NAME THEM AND THEY ARE COLLECTIVELY CALLED ⁽¹¹⁾"VIDEOTECH" - I'LL TRY AND DEFINE THEM.

(12) FIRST, THERE IS CABLE TV, WHICH IS THE OLDEST COMPONENT OF VIDEOTECH AND THE CATALYST FOR MOST OF THE OTHER DEVELOPMENTS. IT IS THE TRANSMISSION OF SIGNALS TO THE HOME BY WIRE RATHER THAN OVER THE AIR. ⁽¹³⁾ ORIGINALLY KNOWN AS CATV, COMMUNITY

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ANTENNA TELEVISION, AND DESIGNED TO BRING TV TO RURAL AREAS WITH POOR RECEPTION, CABLE TV IS NOW IN 14 MILLION HOMES - THAT'S ABOUT ONE-FIFTH OF ALL TV HOUSEHOLDS. OVER 4,000 SYSTEMS OPERATING IN SOME 9,000 LOCALITIES BRING FROM 5 TO 50 CHANNEL OPTIONS TO THESE HOMES. BY 1985 IT IS ESTIMATED THAT OVER ONE-THIRD OF U.S. TV HOMES WILL HAVE CABLE.

WILL THE CABLE SYSTEM BECOME A VIABLE ADVERTISING ENTITY? IT ALREADY IS: ANHEISER BUSCH HAS PLACED A \$1.3 MILLION ORDER WITH GETTY OIL'S ENTERTAINMENT AND SPORTS PROGRAM NETWORK FOR 1980 (AND WHO WAS THE FIRST MAJOR PAY TV OPERATOR? WALTER O'MALLEY WITH HIS LOS ANGELES DODGERS.)

(14) NEXT, WE HAVE CABLE PAY TV. SPORTS PROGRAMMING AS WELL AS MOVIES AND ENTERTAINMENT SPECIALS FURNISHED BY COMPANIES LIKE TIME INC'S HOME BOX OFFICE AND VIACOM'S SHOWTIME TO THE HOME FOR A CHARGE OVER AND ABOVE THE CABLE COST. IN NEW YORK CITY, FOR EXAMPLE, MANHATTAN CABLE COSTS \$15.00 TO INSTALL WITH A MONTHLY SERVICE CHARGE OF \$10.00 AND HOME BOX OFFICE CAN BE ADDED FOR ANOTHER \$9.00. THAT AVERAGES OUT TO ABOUT \$21.00 PER MONTH WHICH IS CHEAPER THAN ONE GOOD TICKET TO A BROADWAY SHOW.

(15) ANOTHER FORM OF PAY TV IS SUBSCRIPTION TV. IT DOES NOT USE THE CABLE TO GET TO ITS SUBSCRIBERS. IT IS RECEIVED OFF AIR ON A UHF CHANNEL THROUGH A SPECIAL ANTENNA AND SCRAMBLER BOX. THE DRAWBACK IS THAT THE SUBSCRIBER GETS

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ONLY ONE ADDITIONAL CHANNEL OF PROGRAMMING AND RECEPTION ON HIS OTHER CHANNELS DOESN'T IMPROVE AS IT DOES WITH CABLE.

THERE ARE ADDITIONAL ENTERTAINMENT MODES AVAILABLE FOR YOUR SET IF YOU BUY THE NECESSARY ADAPTERS. (16) IBM HAS ENTERED THE VIDEO DISC FIELD --- THE TV EQUIVALENT OF A HI FI RECORD; (17) SONY MARKETS VIDEO RECORDER AND PLAYER, (18) AND WE CAN'T DISCOUNT VIDEO GAMES AS AN ENTERTAINMENT SOURCE: - WARNER COMMUNICATIONS HAS BEEN VERY SUCCESSFUL WITH THEIR "ATARI" CONSOLE - GIVING US VIDEO SCREEN PING PONG, AND MATTEL ALONG WITH GENERAL INSTRUMENT CORPORATION WILL MARKET A "PLAY CABLE" OFFERING TO CABLE TV HOMES. "GAME OF THE WEEK" MAY TAKE ON AN ENTIRELY NEW MEANING.

(19) QUBE TELEVISION IS WARNER'S TWO WAY TELEVISION SYSTEM OPERATING IN COLUMBUS, OHIO AND IS THE MOST ADVANCED FORM OF CABLE PAY TV. IN ADDITION TO ENTERTAINMENT CHANNELS, ITS CONSOLE PROVIDES THE VIEWER WITH RESPONSE BUTTONS PUTTING HIM DIRECTLY AND INSTANTANEOUSLY IN CONTACT WITH THE STATION. "YES," "NO" AND MULTIPLE CHOICE BUTTONS PERMIT THE VIEWER TO PARTICIPATE IN CERTAIN PROGRAMS. FOR INSTANCE, QUBE PRODUCES A LOCAL TALENTSHOW THAT VIEWERS CAN RESPOND TO AND "GONG" THE PERFORMER. AFTER SUFFICIENT NEGATIVE RESPONSES ARE RECEIVED BY THE COMPUTER, A LARGE HOOK REMOVES THE ACT.

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THIS IS AN EXPENSIVE SYSTEM FOR THE OPERATOR BECAUSE HE IS IN STUDIO PRODUCTIONS AS WELL AS THE MORE NORMAL PAY CABLE FUNCTIONS AND MAY HAVE LIMITED POTENTIAL. HOWEVER, BECAUSE THE STATION'S COMPUTER DOES ACT AS A MONITOR FOR ALL SUBSCRIBER HOMES, QUBE IS BEING CONSIDERED FOR CONNECTION TO BURGLAR ALARM AND FIRE DETECTION SYSTEMS IN THOSE HOMES - BECOMING THE ULTIMATE ELECTRONIC WATCHDOG WITH APPROPRIATE PANIC BUTTON.

(20) THE SUPERSTATION IS THE MOST GLAMOUROUS RECENT BROADCAST DEVELOPMENT AND IS BEING PIONEERED IN ATLANTA ON STATION WICG BY TED TURNER, OWNER OF TODAY'S BASEBALL BRAVES. THE SUPERSTATION IS MADE POSSIBLE BY THE DEVELOPMENT OF COMMUNICATION SATELLITES. THE FIRST RELIABLE PRIVATELY OWNED COMMUNICATION SATELLITE WAS LAUNCHED IN 1974 AND TED TURNER'S SIGNAL WENT UPLINK TO THE SATELLITE IN 1976 AND DOWNLINK TO ANY CABLE SYSTEM WITH AN EARTH STATION TUNED TO HIS SIGNAL FREQUENCY. A SUPERSTATION IS SIMPLY A COLLECTION OF CABLE TV HOMES ENABLED TO RECEIVE A TV SIGNAL BEAMED VIA SATELLITE TO A SPECIAL SATELLITE ANTENNA THAT FEEDS THE PICTURE INTO A GIVEN CABLE SYSTEM. TURNER TOOK HIS MEDIOCRE UHF STATION IN ATLANTA AND LEASED SATELLITE TIME, SOLD DOWNLINK ANTENNAS TO CABLE OPERATORS MAINLY IN THE SOUTH, ALSO SOLD THEM HIS FEATURED PROGRAM ATTRACTION - THE ATLANTA BRAVES BASEBALL GAMES, ESTABLISHING A REGIONAL BASEBALL NETWORK AND INCREASED HIS AUDIENCES AND COMMERCIAL RATES TO ADVERTISERS. HE'S NOT THE ONLY SUPERSTATION OPERATION: THERE ARE THREE OTHERS

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IN OPERATION - IN SAN FRANCISCO (KTVU) - IN NEW YORK (WOR) -
AND IN CHICAGO (WGN) - AND THEY ALL FEATURE BASEBALL AS WELL
AS OTHER SPORTS AS THEIR PRIME ATTRACTION.

WE DON'T SEE ANY MAJOR IMPACT FROM SUPERSTATIONS ON THE
BROADCAST OR ADVERTISING INDUSTRIES FOR A VARIETY OF REASONS
INCLUDING PROGRAM SYNDICATORS' AND ADVERTISERS RESERVATIONS,
FCC RESTRICTIONS AS WELL AS SATELLITE CAPABILITY. RIGHT NOW
ONLY 2 MORE SUPERSTATIONS CAN BE ACCOMMODATED ON THE HARDWARE
NOW IN ORBIT.

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COMMUNICATION SATELLITE TECHNOLOGY TOUCHES ON MORE THAN TELEVISION AND SUPERSTATIONS. ITS APPLICATIONS HAVE BEEN CHANGING THE CAPABILITIES OF MAJOR ADVERTISING MEDIA SINCE TELSTAR WAS LAUNCHED IN 1962 - AND WE BEGAN TO SEE THE LEGEND "VIA SATELLITE" ON OUR TV SCREENS AS OVERSEAS ORIGINATIONS WERE DELIVERED TO OUR HOMES.

IN 1964 SYNCOM - THE FIRST SATELLITE PLACED IN SYNCHRONOUS ORBIT - GAVE US THE OLYMPICS LIVE FROM TOKYO.

IN 1972 PRIVATE INDUSTRY WAS AUTHORIZED TO BUILD AND OPERATE DOMESTIC SATELLITES WHICH GAVE US WESTERN UNION'S WESTAR IN '74 RCA'S SATCOM IN 1975 AND AT&T'S COMSAT IN '76.
(22) R.C.A.'S SATCOM I HANDLES THE MAJORITY OF BROADCAST AND CABLE SERVICES ON ITS 24 CHANNELS, OR TRANSPONDERS - SOME OF ITS MAJOR CUSTOMERS APPEAR ON THE SLIDE - WHILE AT&T'S COMSAT IS DEVOTED TO DATA AND TELEPHONE COMMUNICATIONS. SATCOM II AND WESTERN UNION'S WESTAR I AND II HANDLE N.B.C. NETWORK PROGRAMS, PUBLIC BROADCASTING, S.I.N. - THE SPANISH INTERNATIONAL NETWORK, MUTUAL RADIO, AND OTHERS.

HOW WILL THE SATELLITE, SUPERSTATION, CABLE AND PAY TV
- ALL THIS VIDEOTECH - EFFECT THE ADVERTISING INDUSTRY IN
THE 80'S?

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- WE DON'T SEE A REPEAT OF THE TURMOIL TV CAUSED IN THE 50'S AND 60'S. ⁽²³⁾ STABILITY HAS RETURNED TO NON-BROADCAST MEDIA AS COMMERCIAL TELEVISION ACHIEVED MAXIMUM HOUSEHOLD PENETRATION.

⁽²⁴⁾ WE DO SEE THE AUDIENCE FRAGMENTATION CAUSED BY GROWING CABLE AND SUBSCRIPTION SYSTEMS ERODING NETWORK TV'S NUMBERS, BUT NOT BY MUCH, BECAUSE THE NETWORKS WILL CONTINUE TO CONTROL THE MAJOR SOURCES OF PROGRAM SUPPLY AND WILL OFFSET THOSE INROADS BY DEDICATING PROGRAMMING TO THE LOWEST COMMON MASS DENOMINATOR. THEY WILL BE ABLE TO DELIVER BIG NUMBERS TO THE ADVERTISER AND OFFSET TOP OF THE MARKET LOSSES WITH GAINS FROM THE BROADEST SEGMENT OF VIEWERS.

⁽²⁵⁾ - AND, THE BETTER EDUCATED, MORE AFFLUENT, UPSCALE VIEWER WILL TURN TO THE GREATER RANGE OF PROGRAMMING OFFERED BY THE NEW TECHNOLOGY.

⁽²⁶⁾ - ADVERTISERS AS WELL AS BROADCASTERS WILL BENEFIT BY THE SPEED AND ECONOMY OF DELIVERING ADVERTISING COMMERCIALS AND PROGRAMMING TO ORIGINATING STATIONS VIA SATELLITE. FOR EXAMPLE, WE COULD SEND A COMMERCIAL TO THE JOHN BLAIR TV SALES REP. CO. TODAY AND HAVE OVERNIGHT DELIVERY BY SATELLITE TO A DOZEN OR MORE STATIONS THAT THEY REPRESENT. THAT'S A MAJOR IMPROVEMENT OVER THE U.S. POSTAL SYSTEM.

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THE JOHNNY CARSON SHOW IS ANOTHER EXAMPLE OF SATELLITE MAGIC. AS THE SHOW ORIGINATES LIVE EACH EVENING IN LOS ANGELES IT IS FED TO AN N.B.C. FACILITY IN NEW YORK BY SATELLITE WHERE IT IS TAPED, EDITED AND MADE READY WITH COMMERCIALS IN PLACE FOR GROUNDLINE TRANSMISSION.

THIS TECHNOLOGY IS NOT LIMITED TO TELEVISION - THESE ABUNDANT NEW DEVELOPMENTS ALSO PROVIDE THE IMPETUS FOR
(27) RADIO'S ADVANCEMENT INTO THE "80'S."

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RADIO

WHILE TELEVISION VIRTUALLY DESTROYED ANY PROSPECTS OF BLOCK PROGRAMMING ON NETWORK RADIO, - NETWORK RADIO PROGRAMS CONSIST MAINLY OF SHORT LENGTH NEWS AND FEATURE PRESENTATIONS, - THE SATELLITE HAS LAID THE FOUNDATION FOR ONE NEW NETWORK, ⁽²⁸⁾ RKO'S NEW 50 STATION NETWORK LINKED BY WESTERN UNION'S WESTAR. RKO AWAITS F.C.C. APPROVAL AND IF THE 50 STATION TEST IS SUCCESSFUL THEY EXPECT TO EXPAND TO 250 AFFILIATE STATIONS.

AN EXISTING NETWORK - MUTUAL - WANTS TO MOVE UP IN CAPABILITY AND HAS ASKED THE F.C.C. FOR PERMISSION TO INSTALL EARTH STATIONS IN THE TOP 200 MARKETS.

(29) A SECOND DEVELOPMENT, AIMED TO ATTRACT DIVERSIFIED AUDIENCE SEGMENTS IS TAKING PLACE: - NEW PROGRAMMING LIKE NBC'S THE SOURCE IS BEING DEVELOPED TO SERVE A FRAGMENTED MARKET PLACE. THE SOURCE IS IN TEST IN 21 MARKETS AND FEATURES TWO MINUTE NEWSCASTS, MINI PROGRAMS AND MUSIC SPECIALS DESIGNED TO ATTRACT LISTENERS IN THE 12-34 YEAR AGE GROUP.

THE MUTUAL 'BLACK NETWORK PLANS TO OFFER BROADCASTS OF BLACK COLLEGE SPORT EVENTS FROM AREAS TOO REMOTE FOR EFFICIENT LANDLINE LEASING BUT NOW REACHABLE BY SATELLITE.

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A TECHNICAL DEVELOPMENT THAT COULD ATTRACT MUCH (30) ATTENTION, AND ONE THAT IS ALSO TIED TO SATELLITE USE, IS RKO'S STEREOPHONIC PROGRAMMING OVER AM RADIO. IF THE F.C.C. GIVES ITS APPROVAL RKO'S NEW NETWORK WILL BE ALL AM STEREO.

IT'S CLEAR THAT SATELLITE TRANSMISSION OFFERS MANY EFFICIENCIES AND AS WITH TV, RADIO'S ADVERTISERS (31) AND BROADCASTERS WILL BENEFIT FROM THE SPEED AND LOW COST DISTRIBUTION SYSTEMS AT WORK FOR PROGRAM AND COMMERCIAL.

NOW LET'S LOOK AT NON-BROADCAST, PRINTED MEDIA AND THEIR PARTICIPATION IN THE ADVANCED ELECTRONICS...

(32) NEWSPAPER LINKAGE BY SATELLITE TO TRANSMITTAL CENTERS WILL BECOME COMMON PLACE. STORIES WILL BE TRANSMITTED AROUND THE WORLD BY THIS METHOD AND ADVERTISERS WILL BE ABLE TO SEND ONE AD MAT SIMULTANEOUSLY TO ALL SELECTED NEWSPAPERS. POSTAL COSTS AND TIME WILL BE ELIMINATED AT NO SACRIFICE OF THE REPRODUCTION QUALITY OF AD OR EDITORIAL MATERIAL.

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SOME OF THIS TECHNOLOGY IS A REALITY TODAY. FOR EXAMPLE, SINCE 1975, THE WALL STREET JOURNAL HAS BEEN PRINTING BY SATELLITE AT FIVE OF THEIR TWELVE PRINTING PLANTS. MATERIALS ARE TRANSMITTED UPLINK TO A WESTERN UNION SATELLITE FROM THE PAPER'S TRANSMITTING CENTERS IN CHICOPEE FALLS, MASS. AND PALO ALTO, CAL., AND DOWNLINK TO PRESSES IN ORLANDO, PRINCETON, DENVER, RIVERSIDE, CAL., AND TACOMA, WASH.

ANOTHER TECHNOLOGICAL CHANGE NOT YET MENTIONED INVOLVES THE PRINTING PRESSES. IN THE LAST TEN YEARS A SHIFT HAS OCCURED FROM LETTERPRESS PRINTING TO OFFSET PRINTING. IN 1969, 77% OF ALL DAILY NEWSPAPERS PRINT BY THE OFFSET PROCESS. IN 1978, 72% OF ALL PAPERS PRINTED BY THE OFFSET PROCESS. THERE HAVE BEEN PRACTICAL REASONS FOR THIS CHANGE. OFFSET PRINTING RESULTS IN A BETTER QUALITY PRODUCT INCLUDING IMPROVED COLOR REPRODUCTION WHILE LETTERPRESS EQUIPMENT IS VIRTUALLY OBSOLETE AND LESS COST EFFICIENT. WE, THEREFORE, ANTICIPATE CONTINUED MOVEMENT TOWARDS OFFSET PRINTING, PARTICULARLY BY THE LARGER NEWSPAPERS. 30% OF THE NEW YORK TIMES CIRCULATION IS NOW PRINTED BY OFFSET IN CARLSTADT, N.J. WITH FULL CONVERSION EXPECTED WITHIN THE NEXT FEW YEARS. AND, THE CHICAGO TRIBUNE IS BUILDING A \$150 MILLION OFFSET PLANT WHICH WILL BE OPERATIONAL IN 1983.

AS THE PROCESS OF COMMUNICATING INFORMATION WILL CHANGE, THE PRODUCT WILL LIKELY CHANGE AS WELL. THE ABILITY, OR PERHAPS THE NECESSITY, OF SEGMENTING THE AUDIENCE WILL ACCELERATE. IN THE LAST FEW YEARS WE HAVE SEEN INCREASED USE OF SPECIAL SECTIONS SUCH AS THE NEW YORK TIMES' "SPORTSMONDAY" AND THE

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CHICAGO TRIBUNE'S "TASTE." IN FACT, 24 PAPERS IN THE TOP 10 MARKETS NOW PUBLISH SPECIAL SECTIONS.

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THE NEXT CHART SHOWS THAT THE NUMBER OF DAILY NEWSPAPERS AND THE AMOUNT OF U.S. CIRCULATION HAS REMAINED RELATIVELY CONSTANT OVER THE LAST THIRTY YEARS. HOWEVER, BECAUSE OF INCREASED AUDIENCE COMPETITION FROM TELEVISION AND MAGAZINES, HOUSEHOLD PENETRATION OF NEWSPAPERS HAS DROPPED BY 50% IN THIS SAME PERIOD, FROM 1.2 TO .8 COPIES PER HOUSEHOLD. WE SEE THIS LEVEL HOLDING AND WE VIEW THE NEWSPAPER SITUATION AS A RELATIVELY STABLE ONE OVER THE NEXT DECADE.

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IN SUMMARY THEN, NEWSPAPERS IN THE 1980'S WILL MODERNIZE THEIR MANUFACTURING PLAN, INCREASE THE VARIETY OF EDITORIAL OFFERINGS WHILE THEY MAINTAIN A CONSISTENT LEVEL OF HOUSEHOLD COVERAGE.

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MAGAZINES

(41) IN THE 1980'S MAGAZINES, TOO, WILL UTILIZE THE EXPANDED TECHNOLOGY.

(42) AN EXAMPLE OF THE PRODUCTION APPLICATIONS IS TIME MAGAZINE'S NEW PINE STREET FACILITY IN NEW YORK CITY WHICH WAS MADE OPERATIONAL AT THE END OF AUGUST. FOUR COLOR SEPARATIONS ARE TRANSMITTED FROM THIS PLANT VIA SATELLITE TO THEIR PRINTING PLANTS IN CHICAGO AND LOS ANGELES. BLACK AND WHITE PHOTOGRAPHS AS WELL ARE SCANNED AND CODED BY COMPUTER, MERGED WITH TEXT, AND THE PRINTED PAGE IS TRANSMITTED DIRECTLY TO TIME'S PRINTERS IN PIECES AT THE RATE OF 56,000 BITS OF INFORMATION PER SECOND.

(43) THE PRINTING PLANT FEEDS THIS INTO A COMPUTERIZED TYPE-SETTING MACHINE WHICH PRODUCES COMPLETED PAGES IN FILM FORM FROM WHICH PRINTING PLATES ARE THEN MADE. THE RESULT IS A HIGH QUALITY PRINTING JOB ACCOMPLISHED WITH INCREDIBLE SPEED AND EFFICIENCY.

(44) MAGAZINES LIKE NEWSPAPERS ARE ALSO CHANGING THE PRINTING PROCESS ITSELF IN ORDER TO STAY COMPETITIVE AND PROFITABLE. MASS CIRCULATION PUBLICATIONS ARE TURNING TO ROTOGRAVURE, A PROCESS WHICH HAS BEEN OUT OF FAVOR FOR YEARS. MODERN ROTOGRAVURE OFFERS HIGH QUALITY REPRODUCTION WITH FASTER PRINTING OF LARGE PRESS RUNS. TIME MAGAZINE IS CONVERTING TO ROTO WHICH WILL REDUCE THE NUMBER OF PRESSES NEEDED FROM 100 TO 35. ALSO, THE PROCESS PRINTS WITH A

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DRIER INK WHICH MEANS THAT LOWER, LESS EXPENSIVE GRADES OF PAPER CAN BE USED.

OTHER DEVELOPMENTS WE EXPECT TO SEE IN THE NEXT TEN YEARS INCLUDE THE GROWING ABILITY OF MAGAZINES TO TARGET SUBSCRIBERS FOR ADVERTISERS. ⁽⁴⁵⁾ THE PROLIFERATION OF SPECIAL INTEREST PUBLICATIONS IS ALREADY WELL KNOWN AND THIS TREND WILL ESCALATE. BECAUSE OF NEW HIGH SPEED COMPUTERIZED BINDING AND MAILING TECHNOLOGIES, GENERAL INTEREST MAGAZINES, TOO, WILL BECOME MORE SOPHISTICATED BY PROVIDING GREATER SEGMENTATION OF AUDIENCES. ADVERTISERS WILL BE ABLE TO PINPOINT THE DEMOGRAPHIC, PSYCHOGRAPHIC, OR GEOGRAPHICAL MARKETS OF THEIR CHOICE. AND IN A TIME-VALUED SOCIETY, READERS WILL BE ABLE TO SELECT EDITORIAL THAT TALKS DIRECTLY TO THEM.

⁽⁴⁶⁾ RECENT ABC CIRCULATION AUDITS SHOW THAT THEIR MEMBER MAGAZINES HAVE INCREASED CIRCULATION BY 10 - 20% RECENTLY SO THAT IT APPEARS THAT MAGAZINES ARE HEALTHY, POPULAR AND WELL POSITIONED FOR THE YEARS AHEAD.

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(47) OUTDOOR HAS ONLY A MODEST AMOUNT OF TECHNOLOGY IN PLACE OR UNDER DEVELOPMENT. NO SATELLITE IS AT WORK FOR THIS MEDIUM. -- THE INDUSTRY DID EXPERIMENT BRIEFLY WITH THE LASER WHICH IS CAPABLE OF ETCHING GRAPHICS IN THE ATMOSPHERE -- BUT IS MORE POPULARLY EMPLOYED FOR SPECIAL LIGHTING EFFECTS AT ROCK CONCERTS AND DISCO DANCE HALL.

THE HOLOGRAPH -- A 3 DIMENSIONAL IMAGE PROJECTED IN A CONFINED AND PROTECTED VIEWING DISPLAY UNIT -- HAS BEEN TRIED AND REJECTED. SOME OF YOU MAY HAVE SEEN SALEM CIGARETTES' ATTEMPT IN GRAND CENTRAL STATION A YEAR OR TWO AGO.

IN FACT, THE ONLY IMPORTANT TECHNOLOGY UNDER INVESTIGATION IS ELECTRONIC PAINTING OF ADVERTISING COPY. THE INSTITUTE OF OUTDOOR ADVERTISING IS SPONSORING THIS WORK AT M.I.T. -- THE RENDERING OF HIGH QUALITY PAINTED REPRODUCTION OF CREATIVE MATERIAL WOULD BE A SIGNIFICANT IMPROVEMENT FOR THE MEDIUM. HOWEVER, THE PROJECT IS STILL IN THE EMBRYO STAGE.

WE DON'T FORECAST ANY MEANINGFUL GROWTH FOR OUTDOOR ADVERTISING -- THE HIGHWAY BEAUTIFICATION ACT AND EFFORTS BY ENVIRONMENTALISTS TO BAN OUTDOOR PREVENTS OPTIMISM FOR EXPANSION. HOWEVER, THE INDUSTRY HAS A STRONG LOBBY AND

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A GOOD TRACK RECORD IN BATTLING FOR ITS RIGHT TO EXIST.
THEREFORE, WE EXPECT LITTLE EROSION IN THE INVENTORY OF
BILLBOARDS.

AND, WE CAN SEE VITALITY IN THE DEMAND FOR OUTDOOR --
DESPITE THE REDUCTION IN VEHICULAR MILES CREATED BY THE
FUEL SHORTAGE.

CIGARETTES AND LIQUOR ARE GUARANTEED PROSPECTS FOR
OUTDOOR ADVERTISING SINCE BROADCAST IS DENIED TO THESE
PRODUCT CATEGORIES AND THE INTEREST FROM OUTSIDE THESE
INDUSTRIES IS STRONG AND GROWING.

SO, WHILE OUTDOOR HAS NO NEW ⁽⁴⁸⁾TECHNOLOGICAL DEVELOP-
MENTS, ESSENTIALLY NO FORESEEABLE ⁽⁴⁹⁾POTENTIAL TO BUILD MORE
DISPLAYS, AND ADVERSE TRAFFIC TRENDS, IT DOES HAVE ⁽⁵⁰⁾STRONG
ADVERTISING APPEAL FOR SELECT MARKETERS AND WILL UNDOUBTEDLY
PROSPER IN THE 80'S.

(GO BLACK)

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FINISH

I HAVEN'T SPOKEN ABOUT THE SOCIAL IMPLICATIONS OF ADVERTISING MEDIA - THIS HAS DEALT MAINLY WITH THE TECHNICAL ASPECTS OF THE BUSINESS -- BUT, THE IMPLICATIONS OF THESE DEVELOPMENTS WILL HAVE A MAJOR IMPACT ON OUR COMMUNICATIONS WITH OUR CUSTOMERS DURING THE COMING YEARS.

THANK YOU.

AND NOW TO TALK ABOUT THE ROLE OF OUR SALES FORCE IN THE 80'S -- HERE'S BOB CREMIN.

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1. MEDIA IN THE 80's
2. N.Y. TIMES TEAR SHEET
3. SPAHN & SAIN
4. FELLER & LEMON
5. B-29
6. "GILLETTE" TV SCREENS
7. "STAND BY" TV SCREENS
8. SATELLITE
9. SHARE OF NAT'L AD DOLLARS
10. GROWTH OF TV OWNERSHIP
11. VIDEOTECH
12. " CABLE TV
13. " CATV
14. " PAY TV
15. " SUB TV
16. " VIDEO DISC
17. " HOME RECORDER
18. " VIDEO GAMES
19. " QUBE
20. " SUPERSTATION
21. SUPER STATION PROGRAMMING
22. SATCOM PROGRAMMERS
23. NON-BROADCAST MEDIA - STABLE
24. " COMML. TV - MASS
25. " VIDEOTECH - CLASS
26. " PRODUCTION - CHEAPER

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- 27. RADIO
- 28. " NEW NETWORKS
- 29. " DIVERSIFIED PGM.
- 30. " AM STEREO
- 31. " PROD. EFF.
- 32. NEWSPAPER
- 33. " WALL ST JOURNAL
- 34. " PRINTING PROCESS
- 35. " SPORTS MONDAY
- 36. " CHI TRIBUNE
- 37. " PENETRATION
- 38. PRODUCTION - MOD
- 39. " EDIT-SPECIALIZED
- 40. " CIRC LEVEL
- 41. MAGAZINES
- 42. TIME COVER
- 43. " ARTICLE
- 44. PRODUCT. - MOD
- 45. EDIT - VARIED
- 46. CIRC-INCREASING
- 47. OUTDOOR
- 48. NO NEW TECH
- 49. NO GROWTH
- 50. HIGH DEMAND

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